

NEWSLETTER

September 2026

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1. Chairperson's Report

Investment markets in 2026 have been volatile, driven by geopolitical events. The Investment Sub-Committee aims to achieve the best results for members over the long term, whilst always being mindful of investment risk, and positions the portfolio proactively to this end. See more information in section 3.

The Fund's audited financial statements for the period ended 31 December 2025 received an unqualified audit opinion from the external auditors and were approved by the Board before submission to the Financial Sector Conduct Authority (FSCA).

The Board continues to encourage members to review their group life insurance cover and keep their beneficiary nominations up to date, to ensure efficient payment of benefits to their intended beneficiaries and to avoid unnecessary delays in the event of a claim.

Members are also encouraged to make use of the Fund website, which provides access to benefit information, retirement planning resources, Fund news, governance information, member forms and the Alexforbes member platform.

Thank you to all members and retirees who participated in the Fund's recent surveys. Your feedback is greatly valued and helps shape the Fund's ongoing efforts to enhance the support and services

provided to our members. Thank you for your continued engagement and support.

The retirement fund industry continues to evolve, with recent developments including increased tax-deductible retirement fund contribution limits and proposed regulatory reforms under the Conduct of Financial Institutions (COFI) Bill aimed at strengthening governance, transparency and member protection.

Prof Niel Krige
Chairperson



2. Financial statements

The audited financial statements for the year ended 31 December 2025 were submitted to the Audit and Risk Management Sub-committee of the Board. The Fund's external auditors, PricewaterhouseCoopers (PwC), issued an unqualified audit report. At the recommendation of the Audit and Risk Management Sub-committee, the Board approved the financial statements and submitted the statements to the Financial Sector Conduct Authority (FSCA) on 26 June 2026.

3. Fund investments

Reflecting on the first half of 2026

Asset class returns for the reporting period to 30 June 2026

The table below shows the returns of the main asset classes over various periods ending 30 June 2026. For each period, the asset classes are ranked from highest to lowest return. Each asset class is shown in the same colour throughout, making it easier to track its performance over time.

6 Months	1 Year	3 Years	5 Years	7 Years	10 Years
EM Global Equity 22.6%	EM Global Equity 32.4%	SA property 26.6%	SA property 17.5%	DM Global Equity 16.2%	DM Global Equity 14.4%
DM Global Equity 8.5%	SA property 29.7%	SA bonds 17.8%	SA equity (CAPI) 15.4%	SA equity (CAPI) 13.9%	SA equity (CAPI) 11.5%
Global property 8.5%	SA bonds 21.5%	SA equity (CAPI) 17.5%	DM Global Equity 14.6%	EM Global Equity 12.2%	EM Global Equity 11.3%
SA ILB 5.2%	SA ILB 19.8%	EM Global Equity 17.3%	SA bonds 12.4%	SA bonds 11.1%	SA bonds 10.8%
SA property 4.6%	SA equity (CAPI) 19.4%	DM Global Equity 13.7%	EM Global Equity 10.2%	SA ILB 8.3%	SA cash 6.8%
SA bonds 4.2%	DM Global Equity 11.9%	SA ILB 11.9%	SA ILB 9.4%	SA property 7.7%	SA ILB 6.3%
Inflation 3.8%	SA cash 7.1%	SA cash 7.9%	SA cash 6.9%	SA cash 6.5%	Inflation 4.7%
SA cash 3.4%	Inflation 5.0%	Global property 4.5%	Inflation 5.2%	Global property 5.1%	SA property 4.6%
USD / ZAR -1.0%	Global property 4.5%	Inflation 4.4%	Global property 4.5%	Inflation 4.7%	Global property 4.5%
Global bonds -1.3%	Global bonds -7.2%	Global bonds -1.4%	USD / ZAR 2.8%	USD / ZAR 2.2%	Global bonds 1.5%
SA equity (CAPI) -2.8%	USD / ZAR -7.8%	USD / ZAR -4.6%	Global bonds 1.2%	Global bonds 2.0%	USD / ZAR 1.1%

When writing about investment markets it is much easier to look at the rear-view mirror to explain what happened. However, it is impossible to accurately predict what will happen in the future – investment markets are simply too complex and fluid to be able to do this.

Most events have little long-term impact on investment markets, although at the time they seem very important. The closure of the Strait of Hormuz because of the conflict between the USA/Israel and Iran is an important event today, but chances are that it will end up being a footnote to history. Because one cannot predict the future accurately, the most useful guidance the Fund can give to members is to invest in a portfolio that matched their level of comfort with the possibility that value of their retirement savings could temporarily decline. Surprises will always happen and large negative returns (like those experienced at the outset of the conflict in the Middle East) are inevitable.

Looking back over the past year, emerging market equities (particularly companies producing semi-conductor and memory chips) and South African listed property delivered the strongest returns, while global bonds were weak due to investors' sustained concerns about higher inflation for longer. Over longer periods, global equities, South African equities and bonds have generally produced solid returns above inflation.

South African equity returns are mainly influenced by commodity prices, interest rates and the strength of local banks and insurers. South Africa remains highly dependent on its natural resources and over the past year commodities were the biggest contributors to market returns. Banks and insurers have also performed well, supported by prudent management and the South African Reserve Bank's focus on controlling inflation. However, Naspers and Prosus, which make up close to 10% of the local equity (share) market, have faced headwinds over more recent periods because of concerns about artificial intelligence (AI), China's economic slowdown, and geopolitical risks.

Within the South African bond market, longer-dated government bonds performed best over periods of up to seven years. These bonds benefited from improved confidence in the country's fiscal outlook and expectations that inflation would remain under control. South Africa's debt was upgraded from BB- to BB over the quarter, the first such upgrade in 21 years.

Global equity market growth over the past decade was driven mainly by a small group of large technology companies, including Nvidia, Alphabet, Microsoft, Amazon, Apple and Meta. Their growing influence means that global index returns have become more concentrated, which can increase risk if these companies underperform.

The key message remains unchanged: no single asset class performs best all the time. A well-diversified portfolio – spread across South African and global equities, bonds, property and cash – helps manage short-term market movements while supporting long-term growth above inflation.

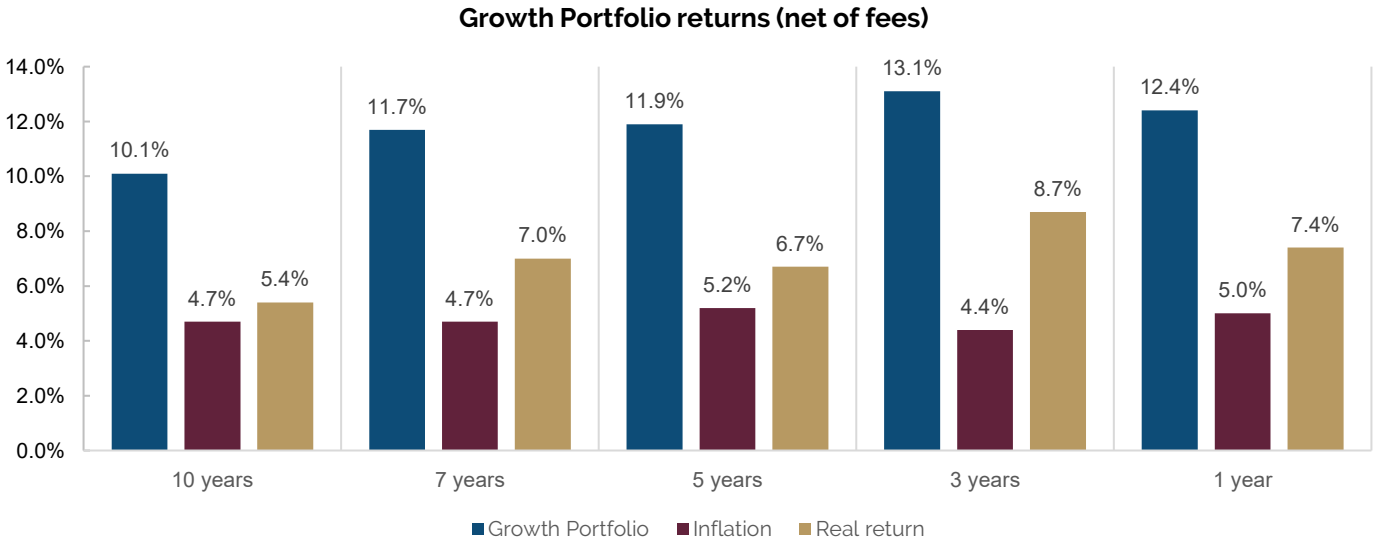
The Investment Sub-committee, together with its advisors, follows a thorough asset allocation process focused on achieving the best long-term outcome for members within the investment limits set by legislation. The process involves “cutting” through the short-term noise that exists in markets and aiming to find the optimal blend of assets to achieve this end.



Growth Portfolio

The primary investment objective of the Growth Portfolio is to achieve returns that are at least in the top quartile of returns relative to the “Global Balanced” peer group, as represented by the universe of global balanced fund managers in South Africa, over a measurement period of five years.

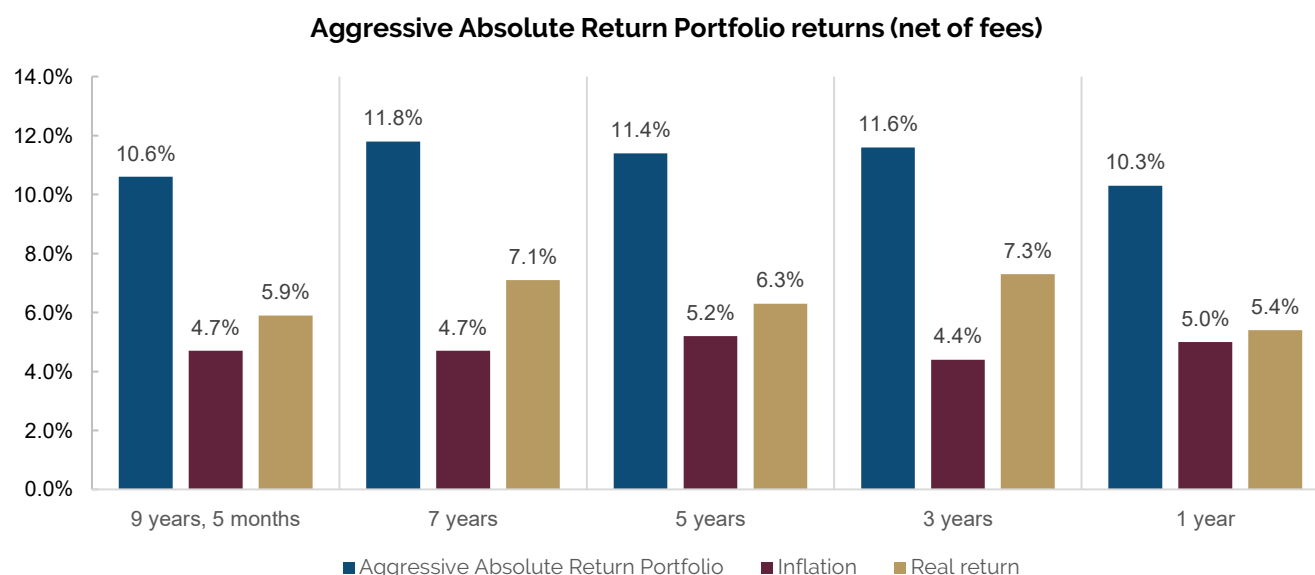
The secondary objective of the Growth Portfolio is to deliver a real return of 5% p.a. (net of all costs) over rolling five-year measurement periods. The portfolio will therefore always have 70% to 85% exposure to the equity market, which means that the portfolio will be exposed to market volatility. The portfolio incorporates the Board's decision to invest the maximum allowable allocation of 45% offshore and 5% in unlisted South African infrastructure, giving members exposure to more investment ideas. A global portfolio is also more resilient than a local portfolio over the long term.



The order of data on the horizontal axis of the chart is unusual in the sense that it starts with the 10-year return and ends with the 1-year return. The reason for this is that members should focus on the longer-term returns. Over the past 10 years, the portfolio has delivered an annual return of 5.4% above inflation, and 6.7% above inflation over the past five years. This is a positive outcome and fair reward for the risk taken on.

Aggressive Absolute Return Portfolio

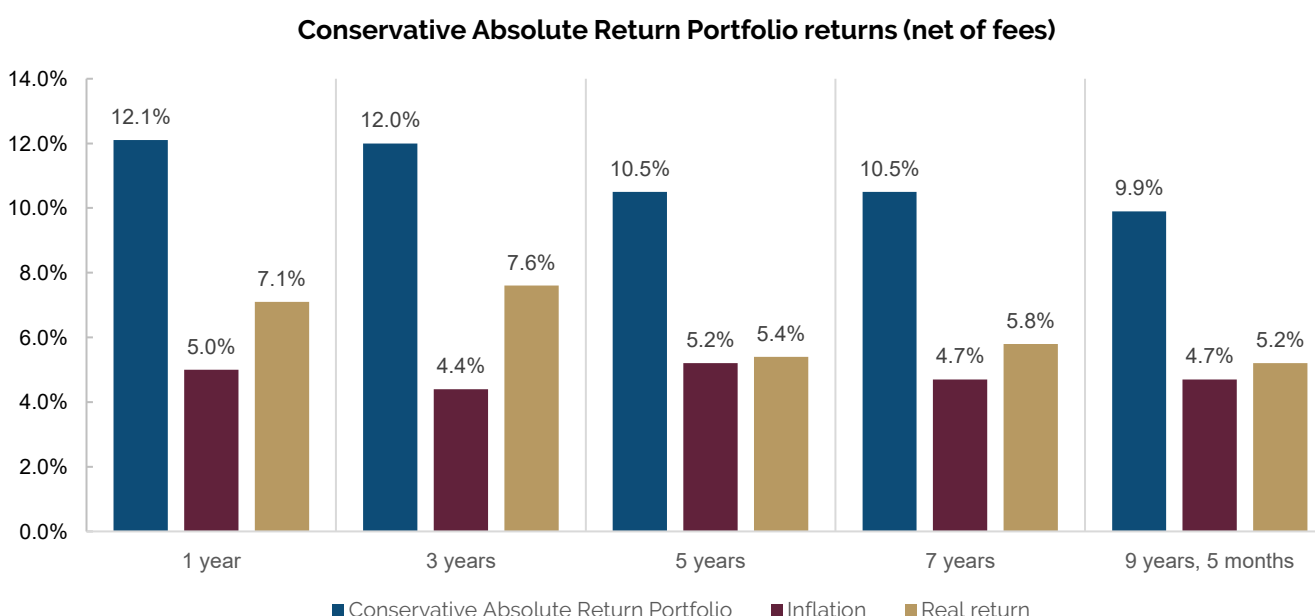
The primary investment objective of the Aggressive Absolute Return Portfolio is to achieve a real return of 6% p.a. net of fees over three years, with a secondary objective of avoiding a capital loss over any 24-month period. As its name suggests, the portfolio is designed to be more aggressive than the Growth Portfolio. With a track record of 9 years and 5 months, it has delivered an exceptional outcome under tough market conditions, as the chart below illustrates.



Conservative Absolute Return Portfolio

The primary investment objective of the Conservative Absolute Return Portfolio is to achieve a real return of 3% p.a. net of fees over rolling three-year periods, with a secondary objective of avoiding a capital loss over any 12-month period.

This portfolio maintains between 35% to 45% exposure to the equity market and is suitable for members with a shorter time horizon and a lower appetite for risk and volatility of returns. The chart below shows the performance of the portfolio net of fees compared to inflation. It has delivered strong performance over all measurement periods.

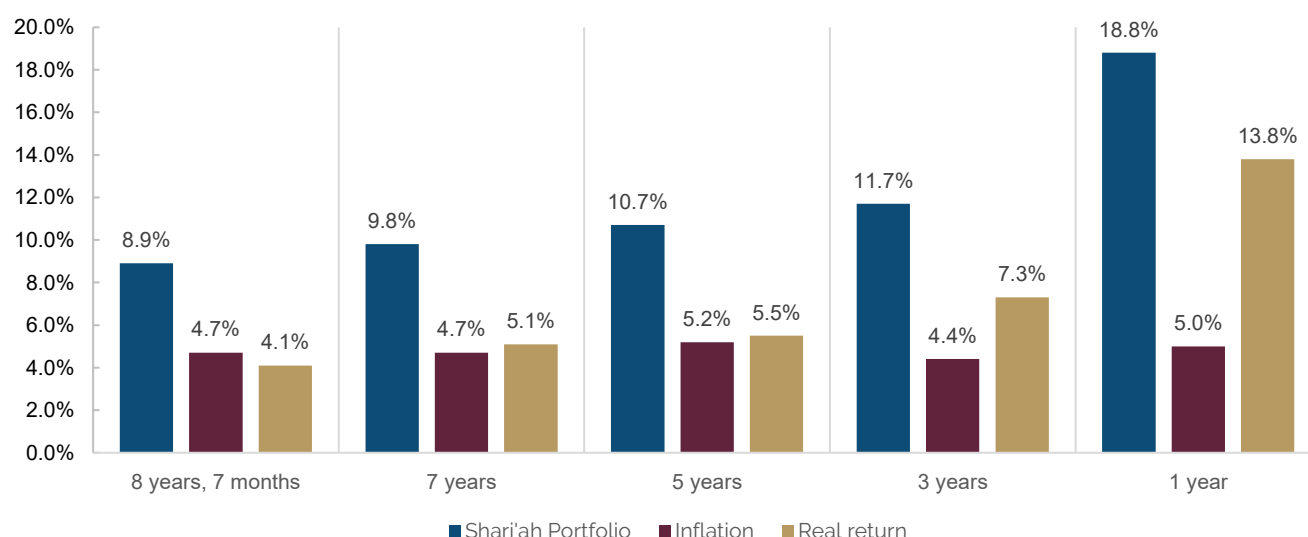


The astute reader will note that the order of the returns reverts to the normal convention of showing the shortest duration first. This is because the portfolio is appropriate for members with a shorter investment horizon, as mentioned above. The Conservative Absolute Return Portfolio has delivered a real return of 7.6% p.a. over the past three years, thus achieving its performance target by a considerable margin.

Shari'ah Portfolio

The portfolio has a 60% to 70% exposure to equity markets and is managed in accordance with Shari'ah law.

Shari'ah Portfolio returns (net of fees)



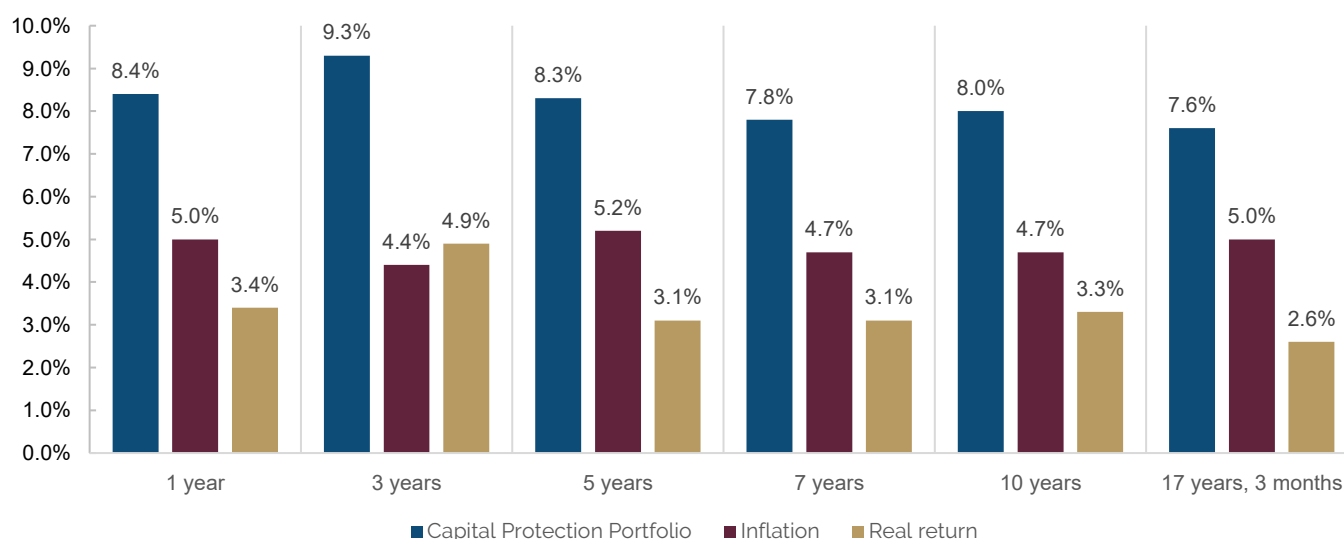
Capital Protection Portfolio

The investment objective of the Capital Protection Portfolio is to achieve a real return of 1.5% p.a. net of fees over any 12-month period. Achieving this objective will largely depend on the South African Reserve Bank following a real interest regime. The portfolio also aims to outperform the STeFI Composite Index by 0.75% p.a. net of fees.

The portfolio has an 85% allocation to a money market fund that follows a vanilla money strategy, with the remaining 15% allocated to an inflation-linked income fund.

The chart below shows the performance of the portfolio net of fees compared to inflation. It has delivered real returns over all measurement periods and has done very well over the one-year period delivering a real return of 3.4%.

Capital Protection Portfolio returns (net of fees)



4. Ensuring your loved ones are taken care of

Group life insurance: Protecting your loved ones

As a Stellenbosch University employee that qualifies for benefits, you are automatically enrolled in the University's compulsory Group Life Insurance Scheme from the day you commence employment. The scheme provides valuable financial protection by paying a life insurance benefit to your beneficiaries should you pass away while in service.

The default level of cover is five times your annual pensionable salary. During the first three months of each year, members have the flexibility to reduce this cover to three times, or one times their annual pensionable salary. In addition, cover may be adjusted following certain qualifying life events, such as marriage, divorce, the birth or adoption of a child, or the death of a spouse.

For members seeking additional protection, optional cover of two times annual pensionable salary is available. This additional cover can only be elected by members who maintain the five times cover. Members are encouraged to review their cover regularly to ensure it remains appropriate for their personal circumstances and financial protection needs.

Retired members may continue their group life insurance cover after retirement. Members who maintained the default cover of five times their annual pensionable salary may also continue the additional optional cover of two times annual pensionable salary, provided that this additional cover was elected before retirement.

To view the Benefits policy, please click [here](#).



Keep your beneficiary nominations up to date

Have you reviewed your beneficiary nominations recently? Keeping your beneficiary information up to date is one of the most important steps you can take to protect your loved ones.

While the AF Connect platform allows you to complete a beneficiary nomination form online, active employees are encouraged to maintain their beneficiary nominations via the sun-e-HR employee portal, which serves as the Fund's preferred source of nomination information. By updating your details on the sun-e-HR employee portal, you will receive regular reminders to review and confirm your nominations, helping to ensure that your wishes remain current.

You can update your beneficiary nomination quickly and easily through the sun-e-HR self-service platform. For assistance, contact the Human Resources Client Service Centre at +27 (0)21 808 2753 or sun-e-hr@sun.ac.za. Your beneficiary nomination may include a spouse, domestic partner, child, stepchild, foster child, child of a domestic partner, parent, mother, father, brother, sister, grandchild, niece, nephew, godchild, former spouse, friend, or any other person you wish to benefit.

Remember to review your nomination whenever a significant life event occurs, such as marriage, divorce, the birth or adoption of a child, or the death of a nominee. It is also important to consider nominating alternate beneficiaries. If one of your nominated beneficiaries passes away before you and no alternate beneficiary has been nominated, your benefit may not be distributed as you had intended. By including alternate beneficiaries, you can provide additional clarity and peace of mind for both your loved ones and those responsible for administering your benefits.

A valid beneficiary nomination can also help to avoid unnecessary delays when benefits become payable. In the case of the Fund's unapproved group life cover, if no valid beneficiary nomination exists, the insurer may be required to pay the benefit to the deceased member's estate.

This can result in a lengthy estate administration process before beneficiaries receive payment. By keeping your beneficiary nominations up to date, you can help ensure a smoother and more efficient claims process for your loved ones when they need it most.

Please click [here](#) to view the Benefits policy, which contains the definitions of qualifying spouse and child.

Critical illness benefit

Thank you to all members who participated in the survey conducted earlier this year regarding the possible introduction of a critical illness benefit. Your feedback is greatly appreciated and provides valuable insight to the employer when assessing the need for this additional cover.

Retirement experience

Thank you to all the 2025 retirees who participated in the recent retirement experience survey. Your feedback is greatly valued and provides important insights into the retirement journey. The information gathered will help SURF and the employer to continuously enhance the support, guidance and services offered to future retirees, ensuring an even more positive retirement experience.

5. Your Fund website: Your retirement information hub

The [SURF website](#) is your one-stop source for Fund information, updates and retirement planning resources. We encourage all members to visit the website regularly to stay informed and make the most of the tools and information available to support their retirement journey.

On the website, you can find:

- **Home**
The latest Fund updates, announcements and important notices
- **About**
Information about the Fund, its purpose and governance structure
- **Benefits**
Details of the retirement, death, disability and other benefits available to members
- **Two-Pot System**
Guidance on the retirement reform changes and how they affect your retirement savings
- **News**
Fund updates, industry developments and member communications
- **Tax Rates**
Current tax information applicable to retirement and withdrawal benefits
- **Trustees**
Information on the trustees responsible for overseeing the Fund
- **Advisors**
Details of the panel of preferred service providers available to members aged 53 and older
- **Resources**
Useful forms, guides, newsletters and other member documents
- **Alexforbes Platform**
Access to tools and services to help you monitor and plan for retirement
- **FAQ**
Answers to frequently asked member questions
- **Contact**
Contact details for the Fund's service providers should you require assistance

Whether you are looking for information about your benefits, retirement planning, Fund governance or the latest developments affecting your savings, the Fund website provides easy access to the resources you need.

6. Key retirement fund developments in 2026

Enhanced retirement savings opportunities

From 1 March 2026, the annual tax-deductible contribution limit for retirement funds increased from R350,000 to R430,000. Members may continue to claim a deduction of up to 27.5% of their taxable remuneration (or taxable income), with the deduction capped at R430,000 per year.

This change provides eligible members with an opportunity to save more towards retirement while benefiting from additional tax relief. For members seeking to strengthen their long-term financial security, the higher contribution limit offers greater flexibility to build retirement savings in a tax-efficient manner.

Strengthening governance and member protection

The proposed Conduct of Financial Institutions (COFI) Bill continues to progress through the legislative process and is expected to introduce significant reforms to the governance and oversight of retirement funds. The legislation aims to promote fair member outcomes, greater transparency, stronger governance practices and increased accountability of retirement funds and their service providers, ultimately enhancing member protection across the retirement fund industry.

7. Financial advice

You are reminded that SURF offers a financial advice service to members that is free of charge. Members aged 53 and older have access to this service. In particular, members who are considering early retirement and want to exercise individual investment choice, are encouraged to make use of the advice service.

The panel of preferred service providers comprises:

Alexforbes Financial Planning Consultants:

+27 (0) 21 809 3750 | wesselsw@alexforbes.com

Finfocus:

+27 (0) 21 861 7000 | usafadvies@finfocus.co.za

Graviton:

+27 (0) 21 883 9192 | arissik@gravitonwm.com

Momentum Consult:

+27 (0) 86 177 7750 | mc.theart@consultm.co.za

Sanlam Financial Advice:

+27 (0) 83 375 9831 | hanliew@sanlam4u.co.za

Using the benefit is easy – just follow these steps:

1. Select a service provider.
2. Contact the HR Client Services Centre (+27 (0) 21 808 2753 | sun-e-hr@sun.ac.za) to obtain a consultation voucher.
3. Make an appointment with your chosen service provider and take the voucher as proof that you are entitled to use the service.

Members are entitled to two financial planning consultations at SURF's expense with any of SURF's five preferred service providers. The first consultation may be scheduled any time from age 53, and the second one in the 12 months prior to retirement.

Also keep an eye out for the following presentations happening this year:

Presentation to members aged 53 and over.

8. The service providers of the Fund

The following service providers have been appointed by the Board of the Fund to assist with the management of the Fund. Their duties are set out below

Service provider	Service provider	Service provider
Simeka Consultants & Actuaries	Benefit and actuarial advice	• Advice on the Fund's benefit structure and changes in legislation. • Assistance with member communication. • Assistance with corporate governance compliance. • Producing an annual actuarial valuation to determine the financial soundness of the Fund.
Catenate Advisory (previously known as Willis Towers Watson)	Investment advice	• Advice on the Fund's investment strategy. • Providing support with selection and evaluation of investment managers.
Alexforbes	Fund administration	• Monthly capturing of contributions. • Transfer and withdrawal of funds to and from the asset managers. • Payment of claims. • Issuing benefit statements. • Daily bookkeeping and preparation of the annual financial statements.
Standard Bank	Bankers	• All Fund transactions take place via the Fund's bank account.
Sanlam	Insurer	• Insuring the death benefit (spouse's and children's cover) as defined in the Fund rules.
Sygnia, Camissa, Coronation, Ninety One, Truffle, Sanlam, Old Mutual, Stanlib	Asset managers	• Managing the investments of the Fund according to the mandates agreed with the Board.
PricewaterhouseCoopers (PwC)	Auditors	• Performing external audits.

Please contact our Client Service Centre if you have any queries. Here follows the contact detail.

Tel: 021 808 2753 or

email: sun-e-hr@sun.ac.za